

ARIZONA

BINGO REVIEW



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LICENSE REVOKED

An anonymous telephone call led to the discovery that a "B" licensee was conducting illegal games of bingo.

The organization was licensed to conduct bingo games on Tuesday nights. However, the organization was also conducting bingo games on Wednesdays, without adding the additional day to the license or paying the related bingo taxes. After a four month investigation the licensee was instructed to stop all bingo games and the license was revoked.

Settlement discussions are now under way between the Department of Revenue and the organization to reinstate the license. The organization has been prohibited from conducting bingo games since May, which will continue until a settlement

has been reached. If a settlement cannot be reached the case will be referred to the Office of Administrative Hearings to be decided by an Administrative Law Judge.

The Arizona Department of Liquor Licensing and Control may also impose sanctions upon the organization for operating illegal gambling on a licensed premise.

The department does not wish to prohibit any organization from conducting bingo games, but will not allow such violations of the law to go unenforced. This issue could have been avoided with a letter from the organization asking to add an additional day to the license.

LICENSE SUSPENDED

A "B" license was suspended because the proceeds coordinator failed to file financial reports. The department requested the past due financial reports several times.

On multiple occasions someone from the Bingo Section visited the licensee to assist with completing the forms. However, the licensee continued to fail to file the required financial reports.

When the licensee failed to file all past financial reports by the deadline set by the Bingo Section the license was suspended. The proceeds coordinator has since filed all required financial reports and the license has been reinstated.

CRIMINAL INVESTIGATIONS

The Bingo Section is conducting several other criminal investigations. We continue to receive telephone calls and emails from players and workers who believe laws are being violated.

WE ARE HERE TO HELP

The Bingo Section would like to extend an invitation to anyone conducting or wanting to conduct bingo games to please call our office if you have any questions. This is extremely important when starting something new. Many times when we have discovered a violation, the manager said he/she was taught to do it that way from another organization. There are many laws and rules to remember. The Bingo Section staff is the best source for clarification on these.

FINANCIAL REPORTS

The Bingo Section auditors spend a great deal of time reviewing financial reports. Despite the overwhelming number of reports they receive, they do an excellent job completing their reviews quickly. However, there are several recurring mistakes on the reports that create additional work for both the auditors and the licensee's proceeds coordinator. These mistakes account for more violations than all other aspects of bingo combined.

Some of these mistakes include:

- Not reporting the amount of taxes paid for the previous reporting period or the amount reported is incorrect. This should be reported on schedule two on the line identified as "Bingo Tax."
- The beginning balance is incorrect. The beginning balance should be the same as the ending balance for the previous reporting period. Although we require the ending balance on the financial report to match the ending balance in the check ledger for the same time period, it is not acceptable to arbitrarily change balances to make the numbers match. We suggest each licensee reconcile the check ledger and financial report to the bank statement. If an error is identified and there is no recognizable cause,

please use "cash over" on page one or "cash short" on schedule two to make the necessary adjustments.

- Reporting payments made to individuals on the incorrect schedule. Schedule one is reserved for expenses directly related to bingo operations. However, a member of the organization cannot be paid for services rendered on schedule one except for the section labeled compensation. This means members **cannot** be paid for janitorial, accounting, security, etc. Also, an individual listed on the license **cannot** be paid on schedule two. Please contact the Bingo Section investigators for further clarification on this.

These are the most common mistakes that cause the auditors to request an amended financial report. These mistakes can easily be prevented by taking a few extra minutes to ensure that the numbers are correct and payments are reported on the proper schedule.

POWERBALL/MONEYBALL/HOTBALL/ETC.

Many Bingo licensees have introduced a new game **feature** within the past couple of years which the Bingo Section has discussed several times in past newsletters. However, as we have seen during the recent compliance visits, there are still some myths surrounding this game **feature**.

The concept is that the first number drawn becomes the "Powerball" (also known as the Moneyball, Hotball, Jackpot or whatever other name the licensee chooses to use). Then, on subsequent games, if the winning bingo is won on the designated Powerball the winner receives an additional prize. The winner only receives the additional prize if he/she purchased the optional Powerball **feature**.

Some issues that we have noticed with this new game **feature** include:

- Many licensees are not reporting the total amount received as part of the gross receipts. Regardless of how much the licensee retains, all money received must be reported as part of the gross receipts.
- The first ball drawn to determine the Powerball does not get placed back into the

receptacle. It must be placed on the board as a number called.

- The additional prize awarded for winning the Powerball must be added to the normal prize awarded for that game. The total amount of the two combined **cannot** exceed \$1,000. Therefore, set the maximum amount of the Powerball prize with this in mind.
- Remember that **any** prize which is \$150 or greater must be awarded by check.
- Do not report the prizes awarded for the Powerball as special bonus game prizes on the financial report. Report these prizes as part of the other normal game prizes. Special bonus game prizes are only for those which the licensee has submitted a special bonus game application.

Please contact the Bingo Section to verify that your Powerball is conducted legally. We will work with all licensees to maintain compliance with the law.

LICENSE RENEWALS

We are processing a high volume of license renewals at this time. Please be sure to update the personnel on the license, the officers of the organization, and any telephone numbers we need to contact the manager and proceeds coordinator. We have had trouble recently with people moving and not notifying us of the new address and telephone number. Thank you.

